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SUBJECT: UK'S KEY BALI OBJECTIVES

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¶1. (SBU) The following are points from the Foreign and Commonwealth Office's Climate Security Team regarding the United Kingdom's key objectives for the Bali Summit on Climate Change. HMG has targeted goals for aviation and maritime emissions and reduction of greenhouse gas emissions (GHG) targets. The objectives on finance and technology transfer fit well with recent USG public statements. Both HMG and the USG support the creation of a framework during the Bali Summit. Absent from the HMG talking points is any mention of sustainable economic development in the developing world as an outcome.

¶2. (SBU) Begin UK points:

The Bali Roadmap: agreement by all Parties to engage in a comprehensive, twin-tracked (see below) negotiation process to be completed in 2009, with an accelerated work program and interim milestones to review progress.

UN Framework Convention track:

- Conversion of the UNFCCC Dialogue into a negotiation track on further action by developing countries;
- Recognition of continuing informal discussions and negotiations to explore options for further action by all countries through external processes (e.g. G8, Gleneagles Dialogue, US Major Economies Meeting), and provision for outcomes from such processes to feed back into the Convention track.

Kyoto Protocol track

- Continuation of negotiations under the Ad-hoc Working Group (AWG) towards new Kyoto Protocol commitments for developed countries;
- 2008 Article 9 review of the Kyoto Protocol to cover range of issues, including flexible mechanisms, sectoral approaches and aviation and maritime emissions.

Shared Vision: Negotiation process to be guided by overarching aim of limiting the global average temperature increase to not more than 2 °C above pre-industrial levels, and a goal/yardstick of reducing global emissions to at least 50% below 1990 levels by ¶2050.

- Forward work program: agreement that this should cover the following broad areas of substance:

- Deeper absolute emission reduction commitments by developed countries;
- Further fair and effective contributions by other countries, including incentives set by new and flexible types of commitments, to reduce the greenhouse gas emission intensity of economic development;
- Extending the carbon market, including innovative and enhanced flexible mechanisms;
- Increasing cooperation on technology research, development, diffusion, deployment and transfer;
- Enhancing efforts to address adaptation, including risk management instruments, finance and technologies for adaptation;
- addressing emissions from international aviation and maritime transportation, making further use of the expertise, experience and work of relevant international organizations;
- Reducing emissions from deforestation and enhancing sinks by sustainable forest management and land use practices.

Adaptation

- Agree governance arrangements for Adaptation Fund so that it can become operational;
- Agree to develop a new "Framework for Action on Adaptation" which takes a holistic view of support and

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provides a structure for stakeholder engagement and funding.

Technology

- Launch of a new body to progress a long-term and enhanced technology transfer framework feeding into a 2009 agreement, including:
 - Identifying financing needs and gaps, with recommendations on how to overcome these;
 - Development of performance indicators to measure and evaluate commitments under the framework;
 - Scaling up joint R&D between developed and developing countries and among developing countries.

Investment and Finance

- Positive outcome from Finance Ministers meeting (also taking place in Bali) which recognizes the scale and urgency of the problem but also that action on climate change is consistent with economic growth and development, and which acknowledges the key role of finance in ensuring mitigation, adaptation and technological development.
- Recognition of key role of finance in ensuring mitigation, adaptation and technological development, and importance of financial commitments from developed countries (such as the UK's Environmental Transformation Fund, worth Q800m over 3 years) and of the role of the IFIs in delivering that finance.
- Impetus for further development of the carbon market, including through use of innovative and enhanced flexible mechanisms.

- Delivery of sufficient finance to underpin negotiation process.

Deforestation

- Agree a framework for voluntary participation by developing countries in a scheme to provide positive incentives to reduce emission from deforestation, including a set of indicative national baselines with long term responsibility for stocks.
- Positive support for piloting, thereby facilitating linkage to activities by other organizations and stakeholders, including the World Bank proposal for a Forest Carbon Partnership Facility.
- A process for deciding what happens post-2012, to allow the linkage of deforestation negotiations into the broader negotiations on a post-2012 agreement.

End points.

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